

CONTINUATION

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On the understanding of January 1940 all rights and title to the LCCANOCK commercial magazine were transferred to LCCANOCK. The enhancement of the LCCANOCK commercial magazine was discontinued by utilizing the facilities of the CARDINALS publication, and the cost of the CARDINALS edition (estimated) will have amounted to about £1,000 for the issue of the magazine by the publishers. Finally however, he was unable to find a buyer for the magazine by the end of the period of liability for the March issue. Thus, the ill-fated LCCANOCK commercial magazine has finally expired. Cost of usual (notifications, rebates, etc.) to publishers, distributor and creditors) will be assumed by the project within the framework of the 1934-60381 estimate. (Note that subsequent costs of the commercial magazine (including payment of bills normally falling due in proceeding months), the balance from previous income from the commercial magazine, and December sales income are included in the December summary accounting under attachment D.)

LOCARSOCH-1 has transferred his equity in CARDINAL to
HANS WERNER REINHOLD, business manager, has received a termination payment,
been removed as CARDINAL business manager, has received an severance payment,
has signed a non-compete agreement and quit-claim, and has accepted an offer of employ-
ment with UPSIDCO. He will begin work with UPSIDCO in Munich around the 1st of
May. According to LOCARSOCH-1, he will be working as a sharer in the UPSIDCO
Munich Association ("Politische Abteilung") under [redacted] but with a view to
eventually finding a future for himself in the Propaganda Department ("Publizistische
Abteilung"). A final meeting with LOCARSOCH-1 will be held
before he departs for Munich, after which we will forward his ADR, quit-claim, etc.

Stockholm has been formed by CANTINALL equity and received a contribution payment. In continuing to work with the company, we have been able to identify a number of opportunities which will be pursued through the process. This experience has been a positive one and we look forward to continuing our relationship with the company. However, tax laws and the nature of our contract will be expected that our relationship with the company will change in the near future. At this time we will forward this information.

6. LOCCASPOCK-5 is LOCCASPOCK-1's successor as CARDINAL liquidator and is also serving as interim liquidator of CARDINAL-in-liquidation. During the 12-month legal liquidation period, she will handle all routine matters associated with CARDINAL dissolution.

f. All other LCCARSOCK employees, except four staffers whose tenure and status required payment until 31 March 1960, were terminated and dismissed on 31 December 1959. Of the four remaining employees, two departed the middle of February, the other two at the end of February. The LCCARSOCK offices were physically vacated on 1 March. CARDINAL equipment and furniture have been sold. All operational files (except the LCCARSOCK distribution list of SED members, which we will hold pending further examination as to its operational usefulness) have been removed from the CARDINAL office and destroyed.

5. In December () replaced LCCASSOCK-7 as trustee of our equity in CARDINALE. In January he became sole equity holder in the business (following the transfer of equity by LCCASSOCK-1 and LCCASSOCK-4). At the end of January the CARDINALE (SBD) was formally placed in liquidation. Under NOFA 8267, 18 January 1960, cover correspondence to backstop the CARDINALE liquidation was forwarded for head-quarter preparation and return to LCCASSOCK.

Assuming satisfactory settlement of the tax case, the cost of project liquidation will almost certainly be less than the maximum projected in DODA-60381. In certain instances, notably in the negotiated payments required to terminate the office rental and telephone system contracts, costs have been considerably less than anticipated. Income from sale of assets, etc., will probably approximate our original estimates.

3. Predictions of Effectiveness: See Attachment A ~~Exhibit~~.

Security Developments: None.

5. Decrease in Assets; See paragraph 2 above.

254 PREVIOUS EDITION
REPLACES FORM
5-1-2004 AND 2-1-2004
REPLACES ALL PREVIOUS

CLASSIFICATION

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CONTINUATION OF
DISPATCH

CLASSIFICATION

S E C R E T

ORIGINATING SYMBOL AND NO.

EGBA-62312

Financial Report:

- a. LCCASSOCK project accountings for the months October, November and December 1959 are forwarded under separate cover Attachment D.
- b. LCCASSOCK summary accountings for the same months are forwarded hereunder Attachment E.
- c. Project financial status as of 31 December 1959:

FY 1960 Obligations:FY 1960 budgetMonthly obligations:

July 1959	7,500
August 1959	7,282**
September 1959	6,785
October 1959	6,873
November 1959	6,411
December 1959	6,000

Unobligated balance as of 31/12/59

\$ ()

Disbursements FY 1960:Monthly project subsidies:

July 1959	7,500
August 1959	6,805
September 1959	6,785
October 1959	6,873
November 1959	6,411
December 1959	6,000

Other project disbursements:

C/O op. expense, Jul 59	.62
C/O op. expense, Aug 59	4.08
L-7's fee, Aug 59	477.00
C/O op. expense, Oct 59	8.31
C/O op. expense, Nov 59	.93
C/O op. expense, Dec 59	.86
Xmas bonus for L-4, Dec 59	85.71
L-4 partial termination payment, Dec 59	595.24

Cumulative disbursements to 31/12/59

\$ ()

Per Allocation Advice No. 2, contained in COS Memorandum of 17 December 1959.
See also DOOA-7319, 4 November 1959, and paragraph 1 of DIR 03108, 25 November 1959.

**Includes L-7's fee, August 1959.

7. Case Officer Comments: With the termination of project operations, this will be the last Progress Report per se. We will report on separate developments as appropriate, submit another round-up of developments when the main work of liquidation is completed and only the sweat-out of the 12-month legal liquidation period remains, and forward a termination report at the appropriate time.

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